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TO RUEHC/SECSTATE WASHDC PRIORITY 9195
INFO RUEHLI/AMEMBASSY LISBON PRIORITY 0645
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LONDON AND PARIS FOR AFRICA WATCHERS

E.O. 12958: N/A

TAGS: EFIN ECON PGOV TP

SUBJECT: FIRING AND HIRING OF CENTRAL BANK GOVERNORS IN SAO TOME

¶1. On June 22, the Sao Tome and Principe Council of Ministers dismissed the Central Bank Governor, Maria do Carmo Silveira, her vice governor and three administrators. The Government of Sao Tome and Principe (GoSTP) stated that the decision was based on irregularities detected in the bidding and awarding process for the construction of the new Central Bank building, estimated to cost between \$5 million and \$8 million. In response to the dismissal, Carmo Silveira stated that she had nothing to do with these contracts and that her dismissal was politically motivated. Carmo Silveira was Prime Minister from June 2005 through March 2006; her mandate as governor was suspended during this time. She added that for some time now, President Menezes had wanted to remove her as governor of the Bank.

¶2. On July 4, the GoSTP announced a new management team for the Central Bank. They include:

- Governor: Arlindo Afonso de Carvalho (from the PCD party--part of the President's MDFM/PCD coalition).
- Vice Governor: Edite Diogo Afonso Soares
- Administrators: Luis Fernando Morreira de Sousa, Elsa Maria de Barros Pinto and Alvaro Joao Cardoso Santiago.

¶3. Comment: The win for President Menezes' MDFM/PCD coalition in the legislative elections of March 2005 ushered in a new STP government. After the elections, the lone major government body not under MDFM/PCD control was the Central Bank. The appointment of Carvalho has now changed this.

WALKLEY